Transcript

Metsä Board Corporation

Half-year financial report 2025

31 July 2025

Katri Sundström

Good afternoon, and welcome to Metsä Board's half-year report webcast and conference call.

My name is Kati Sundström, and I'm responsible for Investor Relations.

As you may have noticed, our format has changed. From now on, we will be holding our result presentations as live webcasts instead of audiocasts.

Otherwise, the structure remains the same: CEO Esa Kaikkonen and CFO Henri Sederholm will present the results, after which we will open the conference call for questions.

In addition, you can submit questions by typing them into the text box visible on your screen, and I will then present them here to the management.

We are ready to begin, so thank you for joining us today — and I will now hand over to Esa.

Esa Kaikkonen

Good afternoon, everyone.

Before moving on to the results, let's take a moment to review the current market landscape we're facing. Weak consumer sentiment and cautious spending have continued to hold back demand for packaging materials.

Geopolitical instability – particularly U.S. import tariffs – is adding further uncertainty, even though there is a preliminary deal between U.S. and EU. The market balance, especially in the EMEA area, has been disrupted by capacity growth. And lastly, high wood costs are putting pressure on our competitiveness.

To strengthen our competitiveness and adapt our cost structure, we announced earlier today that we are launching a transformation programme focused on improving profitability. In addition to cost savings, we aim to enhance our commercial capabilities and leverage our core competitive strengths. I will return to the details of the programme later in my presentation.

First and foremost, our employees are not only highly skilled but also motivated and deeply committed to Metsä Board's development.

Our paperboard production is based on years of deep expertise. Our product quality constantly receives high ratings in customer surveys. We have numerous long-term customer relationships that value the high performance of our boards and the wide range of services we offer.

And finally, customers appreciate our high sustainability level and the transparent value chain, which is supported by being part of Metsä Group.

Together, all these strengths form a solid foundation for the transformation.

But now, let's move on to the results, starting with a brief overview of Q2.

Our comparable operating result was clearly negative, at minus 23 million euros. The decline from Q1 was greater than we had anticipated. The main reasons were the continued weakness in the pulp market and more extensive production curtailments. In particular, U.S. tariffs have increased uncertainty and negatively affected order inflows.

Cash flow remained negative, as it did in Q1. Looking ahead, we will place particular emphasis on improving cash flow, with progress expected already in Q3 through tighter operative working capital management.

There was also a long repair shutdown at Metsä Fibre's Kemi mill, where the damaged evaporator units were replaced with new ones. During the shutdown, Metsä Board's kraftliner production was also halted.

Finally, the closure of the Tako mill was completed at the end of June. Production was successfully transferred to Kyro, where operations were also streamlined. These measures are expected to improve our annual EBITDA by approximately 30 million euros starting from Q4.

Total paperboard delivery volumes reached 360,000 tonnes in Q2, slightly below our earlier expectation of stable volumes compared to Q1.

Our delivery volumes remain clearly below capacity. To return to a growth path, we must take proactive steps – sharpening our commercial focus and making more effective use of our services.

The year-to-date sales split for both FBB and white kraftliner showed no major deviations between the review periods. However, total volumes were lower than in the same period last year, even though deliveries in 2024 were negatively impacted by political strikes in Finland.

Then market pulp. Metsä Board's market pulp deliveries in Q2 totalled just 86,000 tonnes – the lowest quarterly volume in several years. Year-to-date deliveries also lagged behind the corresponding period last year. In contrast, Metsä Fibre's deliveries increased compared to the same period in 2024.

We also curtailed production at the Husum pulp mill and BCTMP mills more than initially anticipated at the beginning of the quarter.

Demand for softwood market pulp has remained weak in both Europe and China, with no clear signs of near-term improvement.

In June, Metsä Fibre announced a temporary shutdown of its Joutseno pulp mill to adjust inventory levels in response to low order volumes, particularly from Asia.

In addition to the sluggish market, European pulp producers’ competitiveness has been impacted by high wood costs and the weakening of the U.S. dollar against the euro.

Now over to Henri for a closer look at the financials.

Henri Sederholm

Thank you, Esa, and good afternoon, everyone. Let’s start with the top line: our Q2 sales declined by 5% compared to Q1 and by 10% year-on-year. The main driver behind this decline was lower delivery volumes in both paperboard and pulp.

Profitability in the second quarter was very unsatisfactory and worse than we had anticipated. The first half of the year resulted in break-even.

Next, let’s look at the bridge analysis of items affecting the operating result.

The main result drivers were fairly consistent across both comparison periods.

Metsä Fibre’s negative earnings contribution was smaller than in the corresponding periods last year. This led to a positive impact. In Q2, paperboard prices rose slightly in local currencies. However, this positive effect was offset by the weakening of the U.S. dollar.

On the negative side, lower delivery and production volumes of both paperboard and pulp, along with adverse currency effects, burdened the result. Fixed costs and depreciation were higher in both periods. During the review period, wood and logistics costs rose, while chemical costs declined.

And as a result of poor profitability development, our return on capital employed remains well below our target level of 12%. At the end of the review period, capital employed amounted to 2.6 billion euros.

And now, the cash flows, which have been in the red for several quarters, although the decline is showing signs of stabilisation.

In addition to weak earnings, our operating cash flow has been particularly impacted by capital tied up in product inventory. We have already initiated measures to release working capital, and we expect the results to be reflected in cash flow on the second half of the year. Furthermore, investments in 2025 will be clearly lower than during the last 5 years.

It is also worth noting that our operating cash flow is affected by dividends received from our sister company, Metsä Fibre.

Negative cash flow has impacted our interest-bearing net debt, which stood at 430 million euros at the end of the period. Combined with weak profitability, this pushed our leverage above the target level, reaching 2.9

Despite exceeding our target of 2.5, our financial position remains stable. During the review period, we issued a new 6-year 200-million-euro green bond. This transaction extends our debt maturity profile and supports our ambitious 2030 sustainability targets.

And that concludes the financial review – back to you, Esa.

Esa Kaikkonen

Thank you, Henri. Before moving on to the outlook, let's take a quick look at our investments.

The major investment projects are now behind us, and our focus is shifting to making the most of the recent capacity expansions. This means sharpening our sales and marketing efforts, which I'll touch on shortly.

We are lowering our capex guidance for 2025 and estimate that our investments will be approximately 100 million euros.

The renewal of the Simpele paperboard machine will be completed this year, with a major shutdown scheduled for September. We are also critically reviewing ongoing pre-engineering projects and will provide an update on them latest in Q3 interim report.

Now to the near-term outlook, which remains uncertain. Weak consumer goods demand and U.S. tariffs continue to reduce the predictability of paperboard sales. We expect our paperboard delivery volumes in Q3 to remain relatively flat compared to Q2. Variable costs, excluding pulp, are expected to stay stable.

In Q3, there will be more planned annual maintenance than in Q2. At Simpele, an investment-related shutdown lasting approximately one month is scheduled. We will also continue market-related and working capital reduction-driven curtailments at nearly all mills, which will negatively impact the results.

The weak pulp market is expected to continue. The total impact of pulp will significantly weigh on Q3 profitability.

Based on this outlook, we estimate that our comparable operating result in Q3 2025 will be weaker than in Q2 2025.

That concludes the review of our results. Let's now turn our focus to the future and the transformation programme we announced this morning.

We cannot simply wait for market conditions to improve. Instead, we must take immediate and decisive actions to cut our cost base, improve profitability and drive focused value creation. It's essential that we actively leverage our core strengths – those I highlighted at the beginning of my presentation – and concentrate on the markets and customer segments that deliver the greatest value.

We must improve our profitability and strengthen our cash flow—without delay. We are launching a profitability improvement and cost savings programme aimed at achieving an annual EBITDA improvement of EUR 200 million, fully realised by the end of 2027.

On the cost side, we are implementing a broad set of measures including optimized sourcing and use of raw materials, as well as reductions in unit costs – some of which are already underway. In terms of fixed costs, we see clear potential for savings in mill overheads, group-level shared services, and ICT expenses.

To improve profitability, we are sharpening our commercial focus by redefining key customer segments and aligning our sales efforts to support profitable growth. To succeed, we must also make better use of our service offering. Supply chain efficiency will be enhanced by streamlining the product portfolio and reducing complexity.

Strengthening cash flow is a key priority. Our target is to release 150 million euros in working capital by the end of this year, with a particular focus on optimizing inventory management, where we see significant opportunities for improvement.

Key performance indicators for the cost savings and profitability improvement programme will be defined during the third quarter. Progress will be reported on a quarterly basis.

Alongside profitability improvements, we need sustainable growth and must consistently deliver value, especially to our key customers.

Given the current high level of uncertainty in the U.S. market, we are shifting our focus toward accelerating growth in Europe.

The U.S. will remain our core market, where our goal is to maintain the strong position we've built over decades. Growth in the U.S. will primarily come from deepening relationships with our existing customers.

Reducing complexity in our product portfolio means sharpening our focus on food, food service, healthcare, and other strongest growing brand segments.

Supported by our strong sustainability credentials, regulation is still one of our most important growth drivers. We must leverage this more effectively – particularly in our product development efforts.

To support this transformation, we are also reshaping our leadership team. These changes will ensure we have the right capabilities in place to achieve our targets – strengthen cash flow, improve profitability, and ensure sustainable growth.

The new members joining the Management Team bring valuable expertise to support the company's strategic priorities. Erja Hyrsky strengthens the team with her commercial excellence, Minna Björklund brings strong industrial leadership, and Laura Remes will focus on the execution of key transformation initiatives.

And here are our next steps.

During the third quarter, we will move forward with more detailed planning and execution of the transformation programme.

We will define key performance indicators, and set clear targets for each initiative. Progress will be tracked and reported on regular basis.

We will critically review our ongoing investment pre-engineering projects, including the ERP programme.

In addition, we will update our overall strategy and financial targets, aiming to present this by the end of the first quarter of 2026.

With this, I conclude my presentation, and we are now ready for your questions.

Q&A

Katri Sundström: Let’s first take the questions from the conference call and after that through chat function.

Operator: The next question comes from Linus Larsson from SEB. Please go ahead.

Linus Larsson: Thank you and good day, gents, and everyone listening in. On this incredibly ambitious cost savings and for profit improvement measures that you are launching today. Could you please share some more detail? What are the main buckets here? And is it right to understand that half of the 200 million is across the board cost savings, and half of it is commercial measures like more sales, which will have an impact on operating, operating rates and top line. A bit more detail would be super helpful. Thank you.

Esa Kaikkonen: Okay. Thank you. Thank you for the question. And I would say that this, as I was actually elaborating earlier, the 200 million is divided both in a cost savings and then profitability improvement. And I think that we were actually opening in our press release also quite extensively those items that we have been looking. But as there are very, very many different items throughout the whole value chain where we have to improve the profitability. But it's not only those issues or you were referring to the top line. I think that that is of course, the aim at the end of the day to grow the business. As I said, we have been too dependent on the US growth earlier in the in the past ten years, and now we are shifting the focus also to the European market. And I think that we have been identifying a lot of new, let's say, initiatives throughout the value chain where we can really if you look in the sales, for instance, sales side, I think that we are not currently using our services to leverage the services for the growth initiatives, and then through that also actually to the product development and then in the supply chain. Just an example on the on the product development, when we really can develop the recipes in a way that they would be more efficient that they are today, still keeping a good quality that is appreciated by the by the customers. And then if you go to the supply chain side, we have been dealing with the with our customer base, we have a as you understand that we have a plenty of customers and we have been dealing with them decades and through those decades. There is a lot of complexity coming on regarding the offering and also how we operate in the markets where we are having the warehouses, how the logistics is operating. And then through that, you go to the production side and you aim to have production runs that are more efficient from the cost perspective and also from the vulnerability point of view of getting the OR's and OEE's higher level. But that's in a nutshell. I think that plenty of discussions will be now actually carried on in our internal discussions to, to have a detailed plans. But, this is based really to a robust analysis that we have been doing, together with my management and management team and, and also with the senior management. And I think that we have a plentiful, let's say, task list now, on these initiatives. And I'm pretty, pretty sure that we can really carry out the good results out of this, this program.

Linus Larsson: And how much is, a higher operating rate part of these €200 million that you're targeting is that at all a part of it?

Esa Kaikkonen: Well, I think that it's not something that we can today predict that what would be the clear impact on the operating rate, As such we aim to as high operating rate as possible. But we'll be seeing then the results when we are collaborating with the customers and internally as well, in order to get the best out of this program.

Linus Larsson: Right. And and then maybe on more of the short term market dynamics. And if we talk about the US market for a moment, looking at your slides, the paperboard shipments in the first half were clearly down when it comes to linerboard, but actually not so much for folding box boards. I wonder what you're what you're seeing experiencing in the US market in terms of current order books and your anticipation for the third and the fourth quarters in the US market, please.

Esa Kaikkonen: Yeah, we... if you're looking at the overall market situation, I think that this uncertainty that is related to to the tariffs, it was the greatest in the last quarter. And now I think that we are basing our hypothesis that there will be an tariffs in the level of 15% as of 1st of August. And I think that that is the level that we can we can live with. Clearly, we were able to push the prices in a local currencies up during the Q2 based on the tariffs. In FBB now further increases will be more difficult. WKL I see better opportunities also going forward because there is no, let's say, substitute on WKL than in FBBis fighting against SBS mainly in in the US market. And I see that we have an opportunity based on our, let's say, good commercial relationships. We can turn the trend upward again. I don't say that it comes in a Q3, but eventually it will be following and we can we can get these tariffs absorbed to the prices that at some point of time. I can't promise when it happens, but I see clear opportunities based on the discussions that we have had in the markets with our customers.

Linus Larsson: Right now that sounds good. And how far have you come in folding boxboard and, kraftliner respectively, in terms of absorbing this, tariff at this stage?

Esa Kaikkonen: WKL, I think that we have been able to push the prices and the cost of tariffs almost 100%, but in FBB, it's been a bit tougher, and we had had to make some concessions, but not substantial.

Linus Larsson: Okay. That's great. And finally, just one more question. And that's on paperboard in terms of production in the third quarter. What do you expect? Do you expect higher or lower or the same level of production as in the second quarter? In paperboard specifically.

Esa Kaikkonen: This is something that will be, of course, based on the hypothesis that we have two major shutdowns, or one is investment in investment related in Simpele, where we have a five weeks shutdown in Simpele. And then, Husum annual maintenance break. Those are taking a toll on our capacity rates this, this quarter. And I think that the level of the production. Precise numbers we cannot give because we will be following the order inflow as well, and we will not be compromising our cash flow actually targets currently. So really difficult to estimate currently the exact amount of the production.

Linus Larsson: Okay. Sorry. Maybe if I rephrase that, if you look at, how should we say it... maintenance, plan maintenance neutral. If that's if you see what I mean. I mean, more from a a neutral point of view. Do you see rising, operating rates or falling operating rates from from the second quarter level?

Esa Kaikkonen: The million dollar question, I would say because it is like that now we have to see that. What will be the discussions with the customers in the US and how this tariff situation will be resolving this uncertainties that we have currently in that market currently has a significant impact on our in order inflow. So if you take rolling for 4 or 5 weeks, so it has an it has an let's say significant impact, negative impact on our operating flows. At the same time, I'm a positive that we can turn this trend. Also that it can turn pretty fast also. When this when the deal is sealed and the decisions are finally made and and the kind of a table has been settled. So after that, I expect that the order inflow is also also catching up. So difficult to say Q3 order inflow.

Linus Larsson: Well that's that's very helpful. Thanks a lot.

Operator: The next question comes from Robin Santavirta from DNB Carnegie. Please go ahead.

Robin Santavirta: Yes, thank you very much. If I start with the question of continuation from Linus' question related to North America. Looking at the deliveries in the quarter, roughly 100,000 Tons of paperboard there. How much of those 100,000 tons did you already ship before the tariff increase? Is that half of that or two thirds? Trying to sort of understand where the profitability in the way hit or impact comes, because I guess you have some inventory there sitting. And some of the deliveries of ore sales in Q2 were actually paperboard that you had already shipped before the tariffs increased.

Esa Kaikkonen: I think that the specific answer I will be handing over to Henri, but taking the first, let's say, steam out of out of the question, because we really had, of course, landed stock there, common stock and then made to order stock as well. And that was all let's say or partly tariff free. And then we had we had to postpone some of the shipments, of course, and some of the production because of the order inflow. But maybe I will be handing over to Henri if you have more specific information on these numbers.

Henri Sederholm: Well, there's not much to add to that. So it was a mix of both, tariff free and then also production that that already included the tariff. So but we don't disclose the more detailed numbers.

Robin Santavirta: But can I ask when you say that the order inflow has been weak in the past 4 to 5 weeks, is that now reflecting in a way the price increase of your product? So essentially, when during the quarter did you raise the kraftline around folding boxboard prices? Was it five weeks ago when in a way, the sort of the what you sell there is carries the the tariffs or was it before?

Esa Kaikkonen: Well, of course, in that sense it also depends on the timing and everything depending a bit on the discussions with the customer. So we are not operating with our customers based on the one-fits-for-all principles. But we had a dialogue, of course, especially with the FBB customers, and it is a customer specific question and it's difficult to say that, what was the exact timing of different price increases? But we did those price increases immediately when the tariffs came in. That was the basic principle. But then there were several exceptions as well.

Robin Santavirta: I understand thanks. And can I just ask related to Q3 now you look at roughly unchanged delivery volumes Q-on-Q, but then you state that over the past five weeks, the order intake has been quite weak in in the US is do I understand it correctly that you expect this 15% now the decision in a way to to reduce uncertainty and increase order inflow? Or do you expect to replace those US volumes in other markets.

Esa Kaikkonen: In this time schedule Robin, I think that it's really difficult to solve fast, swiftly, actually allocate the new resources in this situation. Of course supply demand balances is challenging, etc. So it's not so easy in the current circumstances to do that fast swift movements on a on a volume allocation. I would say, well, also in there. So in our view, we will be prioritizing our cash flows and that will have an impact and toll in the Ebit that we have and that is that is something the compromise will be taking at this time, at this time because of the uncertainty as long as we are seeing that the the order inflows recovers.

Robin Santavirta: I understand. And can I just ask on the on the big profitability improvement program. Used to be like exceptionally big number I looked at the past four quarters you generated some €150 million in EBITDA, and then 200 plus 30 from from company specific items. I assume that 200 plus 30 million from Tako and Kyrö does not assume an improving market environment. So then it would be 150% increase in EBITDA simply from company specific items. It's very, very seldom in this industry we see those kind of improvements. And only in two years. Is this a net number, The 200 and and 30 million, or a gross number? Because quite often when you cut costs and cut production, you also lose a little bit of top line and you might end up getting some other cost and so forth. So this is a net number or gross gross number.

Esa Kaikkonen: Well, can you Henri elaborate this a bit from your perspective. You're looking at the numbers in more in details.

Henri Sederholm: Yeah I think as you define it I think this is more like a net number. So this is a 200 million net on top of the current profitability level.

Esa Kaikkonen: But then having said this, I think that the 150 million EBITDA level is not our run rate currently. So that is must be corrected in a way. So it's the current business. Yeah. Current business, let's say performance level that we are aiming to improve.

Robin Santavirta: I understand that just quickly checking production platform, we can see you're not producing at capacity. And we understand, for example, you Husum it's a quite efficient production facility, albeit a lot of that goes to the US. One would think that it could be smart to, you know, close more capacity and just run up the capacity utilization and the more efficient mills and by that, improving profitability. So does this program include potential closure of production capacity in paperboard as well?

Esa Kaikkonen: Yeah. I think that the most of the producers these days have a capability on the multi mill concepts. And I think that that is exactly what we are doing as well. And that makes us strong as well. And I think that we can shift some of the businesses from the other mills, smaller mills to a bigger mill as well to some extent. But there are of course some quality issues and some structural issues, issues in our offering that hinders us to do it in a, in full. And that is something that, of course, is an issue that we have to elaborate further. So it was really good point that you made. But this plan is not actually including any closures that I'm stressing this. There is a weaker capacity in the market than our capacity. Our capacities is up to date and and let's say modern and efficient.

Robin Santavirta: Thank you very much.

Operator: The next question comes from Samu Wilhelmsson from Nordea Credit Research. Please go ahead.

Linus Larsson: Hi and Thank you for taking my question. I had a two questions regarding the cash flow. As already mentioned here a few times, your measures seem indeed quite ambitious, and the working capital release of €150 million for the next six months sounds also quite massive. You mentioned focusing on inventory management, but can you give more details on what actual measures you are taking place in terms of inventories, given the relatively short timeframe and how feasible you how feasible, you see that you will be able to reach that target by the end of this year.

Esa Kaikkonen: Well, I will be handing over to Henri as well regarding this for further remarks, but from my part, looking at the working capital and releasing the driving down the the inventory levels is in part of this plan that we have we are doing and we are not going to compromise our service capability either. So I think that this is something that we have to do in a in a diligent collaboration with the customers as well. And still, based on the analysis that we have done and based the project so far, we are confident that we can release this 150 million. And most of that comes from the inventories. Is there something that you can know?

Henri Sederholm: I mean, that's exactly correct. And as we indicated in the near term outlook, that we will also take a profitability hit by taking, sort of material production curtailments. And that is, of course, then serving the purpose of, of reducing the inventory levels. And of course we need to adjust. Also, it's not only paperboard but also our pulp inventories to the current market situation, which is still very soft in pulp side. So we are looking at all these elements. And yes, it is ambitious, but it is reachable.

Linus Larsson: All right. Thank you. Then on the CapEx, I understand if you aren't able to provide any specifics, but the €60 million CapEx in Simpele given that the investment expected to be completed in the second half. How much of that initial CapEx we should expect by the end of this year? Given that you said that it will be, you know, distributed between between 24 and 26.

Esa Kaikkonen: Can you Henri?

Henri Sederholm: Yeah. So the Simpele CapEx, will be this year, roughly €40 million, some CapEx already realized last year. So to say about 10 million. And then the remaining will will happen next year. So most of the investments of two thirds, uh, will occur this year.

Linus Larsson: All right. Thank you very much.

Operator: As a reminder, if you wish to ask a question, please dial Pound Key five on your telephone keypad. There are no more questions at this time. So I hand the conference back to the speakers.

Katri Sundström: Okay. We do have a couple of questions here in the chat function. So, let's start with the capacity closures. You has already answer to that, that this program does not include any. But, if not, how do you view the current supply demand balance in FBB in Europe? And do you see a need for capacity closures going forward?

Esa Kaikkonen: Well, I cannot actually answer on behalf of other companies, of course, but I was mentioning that our capacity is well invested there up to date there modern. So we will be actually, of course, trying to push the most out of the value that we have in this value chain. And I think that we can still, there is in all, let's say, industries, there is overcapacity. And we shouldn't be kind of going, going to that kind of a discussion all the time that we have overcapacity. We have to just push forward and leverage the market because there are other materials in packaging side that we can take the market away from.

Katri Sundström: Fair enough. And then the question related to quarter and quarter bridge. This probably for Henry. So, if we look at third quarter against, the second, how much is the maintenance headwind and how much is FX benefit?

Henri Sederholm: Yeah. So the normal maintenance, mainly related to Husum, integrate annual maintenance break is 10 million on top of the Q2. But then, of course, we have to remember that also in Q2, we had the Kemi, reparations of also around 10 million. So that is netting netting each other out. And the second question was.

Katri Sundström: FX benefit.

Henri Sederholm: FX benefit. At the moment, we estimate that to be in the region of 10 million also.

Linus Larsson: Okay. And, then, well, we have not given this in our guidance. But the question goes that what are you seeing on your pricing trends? This is again third quarter against second quarter.

Esa Kaikkonen: Yeah. I think that the roughly I think that 40% of our contracts in FBB are annual contracts. We will be seeing that price trend pretty soon. Then when we are concluding the new the let's say contracts with the with the customers for the next year. So that will be setting the price trend for FBB. It's not yet there. We don't see it. We will be working with each of the customers separately and then pushing our value proposition forward. Currently, the price is in Q2 where in actually in increase in local currencies. But then the mixed effect and also mixed effect and then also this fluctuation of current currencies took away that let's say tailwind that we had through those.

Katri Sundström: Okay, good. Well, then there was the question about the US tariffs. So I think that we already went through those. Then how much one off costs do you expect to book from the €200 million profit improvement program?

Esa Kaikkonen: That's also a good question. I would say one offs will be analyzing also, of course those. And depending on on for instance on those, let's say, investment projects that we have in the pre-engineering phase, including the ERP, there might be some, but nothing substantial. Let's say looking at our balance sheet.

Katri Sundström: Yeah. And then, what's the EBIT impact from the Simpele stop in third quarter versus second quarter?

Henri Sederholm: Yeah. So we are not separating that that impact impact separately. So my previous answer cover also the Simpele investment shut down.

Katri Sundström: Okay. And still sticking into third quarter. Could you please provide some clarity on the pulp. Quarter on quarter effects.

Esa Kaikkonen: Well, the effects such direct effects, we see that the market market or pulp market is still deteriorating and it has an impact to the price levels. And that that will have an impact, of course, to our profitability, but partly through our own, let's say market pulp but also through fiber. So we have a we have this impact, but the magnitude of that. Henri, do you want to.

Henri Sederholm: Nothing to add.

Esa Kaikkonen: Nothing to add. Okay. Fair enough.

Katri Sundström: Okay, good. I think that we are done with the chat questions. I think that there's still one question online. Is that correct? We can take that in here.

Operator: The next question comes from Robin Santavirta from DNB Carnegie. Please go ahead.

Robin Santavirta: Yes. Thanks for taking an additional or two additional questions. So one I had related to pulpwood costs. Some of your peers are speaking about some relief finally on that side, particularly in Sweden, but perhaps also a bit in Finland. What are you seeing in terms of spot pricing? So what do I know. There's a lag in the PNL impact, but what are you seeing in terms of pulpwood cost in H2 this year?

Esa Kaikkonen: Okay. Pulpwood. This year, we actually, Metsä Group disclosed some information on this one and said stated that the pulpwood and wood cost, generally speaking, has been reducing somewhat. And we can see it also from the statistics. So it is decreasing, but the magnitude and predict the future, very hard to say that it depends on the supply and demand and how much curtailments there will be in the pulp mills and sawmills that will be, depending on the future outlook.

Robin Santavirta: Thank you. And the second question. I might have missed this if you already answered. But for Henri, any kind of rough sort of indications about CapEx in 26 - 27. This is roughly at the same level as this year, more or less.

Henri Sederholm: Yeah. Well, uh, Robin, I have to be a bit vague here at this point because we have this review of the pre engineering projects during the Q3. So we'll be probably able to give later this year guidance going forward. But obviously you remember that our maintenance CapEx is between 50 to €60 million, and we only have some 10 million left from Simpele investment. So that that kind of the base load from those is fairly low. But then, of course, we'll get back to the more sort of detailed guidance later on this year.

Robin Santavirta: Perfect. Thank you.

Katri Sundström: Okay. It seems that there are no further questions on the line. None in the chat function either. With that, we'll conclude, the Q&A session and our have your presentation. Please feel free to reach out with any further questions. We're happy to continue the conversations at Investor Relations. Thank you all for joining us today and for your very active participation. We wish you a good continuation of the week and an enjoyable rest of the summer.